Minding the Gap and Finding the Resources:

Financing Housing and Redevelopment

in Sheridan Hollow

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About The Authors

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Executive Summary

Sheridan Hollow, a neighborhood of Albany, New York, has an attractive location, essentially next door to state office buildings. Yet, much of the housing is severely deteriorated, there are many vacant lots, and there is little demand for private market-priced housing. This pattern is shared by hundreds of other weak market or "legacy city" communities across the country. Particularly problematic is that the cost to purchase and rehabilitate much of the housing far surpasses its private market rental or sales value, thus creating a critical financing gap. How can a vibrant private housing market be created in places like Sheridan Hollow where the numbers just do not work? Are there ways to close the financing gap for rehabilitating vacant or other severely dilapidated units, with public or private resources, or through other types of incentive programs, that can help to jump-start a healthy housing market?

This report is based on a four-month long inquiry of the Sheridan Hollow community and an exploration of innovative financing and other related interventions that may be applicable to this neighborhood. The report focuses on 21 innovative strategies that are currently being used in various locales to help close the financing gap and to expedite the acquisition and rehabilitation of deteriorated and vacant land and buildings.

We offer six major recommendations for Sheridan Hollow to develop a healthy private housing market and to emerge as a desirable and viable place to live.

A. Continue to work on the comprehensive neighborhood planning effort initiated through the Brownfields Opportunity Area process, aimed at developing an action agenda. Work closely with city officials to maximize their input and support.
B. Involve the key city and state stakeholders to help Sheridan Hollow and Albany's other neighborhoods to gain better access to available financial and technical resources.
C. Develop a "one-stop shopping" guide so that all relevant information about existing financial and technical resources is clear and easily accessible to existing owners and buyers of single and multifamily housing.
D. Clarify why development costs in Albany are so high and work with the City to explore this issue and change policies and practices that add cost without contributing to safety and quality of the built environment.
E. Discuss and assess the many potential solutions presented in Section 7 of this report, but we recommend that the selected approaches evolve from the comprehensive neighborhood planning process, noted above, and from close collaboration with city and state public stakeholders. That said, we suggest that Sheridan Hollow's path will likely involve a mix of homeownership and rental initiatives. For both, we believe that there should be an emphasis on programs aimed at strengthening the private housing market. It is hoped that the new affordable nonprofit-owned housing in the area will help to jump-start this type of investment, while also safeguarding existing residents from unwanted displacement over the long-term.
F. As the planning process evolves, continue to explore, and, where feasible, launch initiatives that would appear to be necessary ingredients for an overall revitalization strategy. In particular, immediate efforts should be made to seek funding to improve the hillside between the state office buildings and Sheridan Hollow and remediate any environmental problems that need to be addressed.

1) Introduction

Sheridan Hollow, a neighborhood of Albany, New York, is a unique area with a number of familiar challenges. Despite an attractive location, essentially next door to state office buildings, adjacent to the city's downtown area, much of the housing is severely deteriorated, there are many vacant lots and homes, and there is little demand for private market-priced housing. This pattern is shared by hundreds of communities across the country. The problems facing such areas are multi-faceted and complex. Significantly, the cost to purchase and rehabilitate much of the housing far surpasses its private market value. In other words, rentals or house sales prices of fixed-up homes and apartments are far less than the total amount that needs to be invested in such properties in order to do the needed repairs and upgrades to bring them up to an acceptable physical standard. This creates a critical financing gap and a challenging conundrum: how can a vibrant private housing market be created in places like Sheridan Hollow where the numbers just do not work? Are there ways to close the financing gap with public or private resources, or through other types of incentive programs, that can help to jump-start a healthy housing market?

This report is based on a four-month long inquiry of the Sheridan Hollow community and an exploration of innovative financing and other related interventions that may be applicable to this neighborhood. The first section presents a brief background on neighborhood change and issues facing weak market areas. This is followed by a discussion of the importance of sustaining and continuing to support a viable community development process through leadership, collaboration among stakeholders, and resident involvement. The next two sections explore the assets and challenges of Sheridan Hollow and present a summary of existing state and local resources. The methods used in this inquiry are then briefly described, followed by a summary of the amount of debt that can be supported in housing development in Albany. In view of the fact that, at the present time, little or no debt can be carried by affordable and market rate housing development in Sheridan Hollow, we then present an overview of 20 innovative strategies that are currently being used in various locales to help close the financing gap and to expedite the acquisition of deteriorated and vacant land and buildings. The report concludes with a series of recommendations and a final note.

2) Neighborhood Change and Issues Facing Weak Market Areas

At a much earlier point in the study of neighborhoods and neighborhood change, a well-accepted theory suggested that neighborhoods go through natural life cycles. Although an aging and deteriorated neighborhood could change direction and become revitalized, the norm was a "natural" downward trajectory, roughly comparable to the human aging process. Neglected from this conceptualization was an understanding of the extent to which outside forces – decisions by public and private entities as well as larger economic trends – are responsible for many neighborhood changes and that such influences are not inherently "natural."[1]

Although urban practitioners and researchers now have a full appreciation of the range of policies and actions that are responsible for neighborhood decline, how properties that are vacant, abandoned, or otherwise in need of major repairs should be brought back to productive use is still an open, complicated question. At the very least, it is widely acknowledged that revitalization of weak markets takes a significant level of outside resources – financial, technical and political – and a willingness to see neighborhood change as a long-term process. A quick turn-around of a weak market area is simply not possible; it takes patience, sustained commitment and coordination by a host of key actors and institutions.

In order for Sheridan Hollow and other similar neighborhoods to become robust residential markets, a range of interventions are needed to boost the overall perception of the area for both potential newcomers, as well as for long-time residents. Developing innovative housing finance strategies is a key component of a comprehensive approach to neighborhood revitalization. Indeed, one of the goals of the Albany 2030 Comprehensive Plan is to "Develop creative financing tools to encourage mixed-income housing." This is part of the overall vision for Sheridan Hollow: to create "a vibrant, diverse neighborhood with increased affordable homeownership opportunities and new commercial and retail investment."

The cost to complete the rehab of some of the historic properties in the neighborhood is prohibitive without subsidies for at least two reasons:

1) At current rent levels, private owners cannot collect revenues sufficient to support normal operating costs and increased debt service incurred due to rehabilitation, and
2) The cost to completely rehabilitate a home in the heart of the neighborhood exceeds the market value of the property. This negative return is a large reason for disinvestment and often prompts property owners to use their buildings as "cash cows," pulling rental income out of the building without paying for on-going maintenance and capital improvements.

[1] For a good discussion of early neighborhood change theories see: John T. Metzger, "Planned Abandonment: The Neighborhood Life Cycle Theory and National Urban Policy." *Housing Policy Debate*, Vol. 11, No. 1, 2000.

The goal of this project is to further our understanding of how Sheridan Hollow and other weak-market areas can position themselves to become more desirable and sought-after places to live.

The challenges facing Sheridan Hollow are virtually identical to those facing many other communities in New York State and across the country**.** In city after city, a familiar pattern prevails: poor residents, high unemployment rates, a loss of manufacturing jobs, and an overall grim fiscal profile – high costs, deteriorating infrastructure and a weak tax base. At the neighborhood level, the most obvious signs of distress include vacant, abandoned, or seriously deteriorated buildings – both residential and commercial, empty lots, and a lack of appealing and safe public spaces.

Not surprisingly, a great deal of attention is being paid to the issue of how to revitalize such deteriorated residential areas to create vibrant, healthy housing markets.

One of the clearest and most concise summations of the economic challenges inherent in revitalizing weak markets is offered by Alan Mallach, perhaps the leading researcher on revitalization of legacy cities[2] and weak market neighborhoods.

> It must make economic sense for a homebuyer to buy a particular house. 'Economic sense' reflects the purchase price and carrying cost of the house and how the buyer perceives the present and future of the city and the neighborhood. That leads to two key points. First, incentives will work better where a larger framework of neighborhood revitalization and an active support network for people buying homes and improving properties exist. Second, within that framework, incentives should be used to encourage people to invest in the neighborhood beyond the level investors see as being supported by current market conditions.
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> A major obstacle to getting people to restore dilapidated or abandoned houses in many neighborhoods is their concern that the cost of rehab will exceed the value of the rehabilitated property, or that the property may lose rather than gain value in the future. Incentives can be designed to overcome that obstacle, by filling the "market gap" between the cost of rehabilitation and the subsequent value of the property. The incentives must be large enough to truly affect the investor's decision rather than simply reward a decision already made, and must be carefully targeted to generate the greatest results with the resources that are available.[3]

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[2] The literature on this subject uses a number of terms: *legacy cities*, *working cities*, *shrinking cities*, *opportunity neighborhoods*, *tipping point neighborhoods*, and *weak markets*. In this report, we most frequently use "legacy cities" and "weak markets."

[3] Alan Mallach, *Building a Better Urban Future, New Directions for Housing Policies in Weak Market Cities.* 2005, p. 12. See Appendix I.

To date, many reports have been written (some of which are noted in Appendix I) and scores of innovative programs have been developed to address the revitalization challenges facing weak market areas. Yet, none of the work produced offers a single "magic bullet" for redeveloping a community such as Sheridan Hollow. And, further, different cities, and even various neighborhoods within cities, have varying characteristics that require different combinations of programs. What types strategies are needed in Sheridan Hollow to promote a healthy housing market, which will include a range of market-rate and affordable housing opportunities? In short, how can Sheridan Hollow become a highly desirable residential area and transform into a vibrant, healthy market – becoming a sought-after residential area, while enabling long-time residents to continue to live there?

3) Sustaining and Supporting a Viable Community Development Process through Leadership, Collaboration among Stakeholders, and Resident Involvement

A key insight from efforts across the country is that the revitalization of a neighborhood like Sheridan Hollow must begin with a viable community development process and a comprehensive plan for the area. Central to this effort is strong leadership and collaboration among stakeholders, including a significant role for existing residents.

There already have been important efforts to engage the community. Through an earlier community visioning process, Sheridan Hollow adopted this statement:

> Our vision for Sheridan Hollow is for a great place to live and work and a community where people want to stay. We will strive to create: a vibrant, diverse, mixed use neighborhood whose unique history and culture are celebrated; the environment is protected; development is equitable and sustainable; citizens are involved; Incomes are mixed; Affordability is maintained; Local ownership is increased; And quality of life for all residents increased. Our Core Values: Community, environmental stewardship, economic opportunity, social equity.

This provides a good image of how community residents and a broad array of stakeholders see the potential for Sheridan Hollow. The current work on the Sheridan Hollow Brownfield project is at the heart of this process. Presumably, key public, private, and nonprofit partners will take a leadership role in the discussions and development efforts. Central to this committee should be a group of committed local residents who will help direct the various efforts in the area.

Researchers at the Federal Reserve Bank of Boston have underscored the importance of this type of collaborative approach. They found that among the ten cities (out of 25 studied) that came back, "the critical factor was not a city's industry mix, demographic composition, or geographic position. Instead, resurgence resulted from the ability of leaders in those cities to collaborate across sectors around a long-term vision for their success."[4] As the researchers put it: "resurgent cities' histories indicated that the resurgence involved leadership on the part of key institutions or individuals, along with collaboration among the various constituencies with an interest in economic development. In some cases, the turnaround started with efforts on the part of the public sector, while in other cases nongovernmental institutions or even private developers were at the forefront. In these success stories, the instigators of city revitalization recognized that it was in their own interest to prevent further deterioration in the local economy, and they took responsibility for bringing about improvement."[5]

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[4] Federal Reserve Bank of Boston, Working Cities Challenge. http://www.bostonfed.org/workingcities/about/index.htm (accessed April 21, 2016).

[5] Yolanda Kodrzycki and Ana Patricia Muñoz, *Lessons from Resurgent Cities*, 2009.

Virtually identical views were offered in a recent report by the Greater Ohio Policy Center:

> The public, private and nonprofit sectors need to align around realistic, effective goals and strategies for revitalization in these neighborhoods. If different sectors or stakeholders are working at cross-purposes, or investing in ways that fail to take into account local economic or market realities, the efforts are likely to be ineffective or futile. Local government, philanthropies, Community Development Corporations (CDCs) and Community Development Financial Institutions (CDFIs), local business stakeholders, and neighborhood residents need to work together to design and carry out neighborhood strategies. They must take into account market conditions and opportunities, as well as neighborhood assets and challenges, and target resources around opportunities, rather than spreading resources 'like peanut butter.'"[6]

We're all in this together. Our legacy cities are communities of memory, history, authenticity, and deep soul. We choose to be here. They are irreplaceable, and they are a key part of this nation.

-- Hunter Morrison, Program Director, Northeast Ohio Sustainable Communities Consortium. Cited in *Revitalizing the Legacy Cities of Upstate New York*, December 11-12, 2012. Syracuse, NY

A. An Example of Community Planning: Josana Neighborhood of Rochester, New York[7]

By all accounts, the community planning process in Rochester, N.Y. and particularly the Josana neighborhood, may be a good model for the Sheridan Hollow Community. There, a strong and committed coalition of residents, the city and other public sector entities, social services organizations, the Rochester Housing Authority, Enterprise Community Partners, private sector interests, the University of Rochester Medical Center (along with a number of other key health care institutions in the area) and the Rochester City School District have produced a series of concrete results that, after more than 15 years of efforts, is resulting in a much-changed and significantly healthier, more robust neighborhood.

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[6] *Meeting the Financing Needs of Opportunity Neighborhoods in Ohio: The Credit Gaps Landscape and the Role of Community Development Financial Institutions*, 2016, pp. 12-13.

[7] The information in this section is summarized from: "Josana Master Plan: A Plan for a Place We're Proud to Call Home." City of Rochester for Josana Neighbors and Partners. Prepared by Interface Studio LLC, Zimmerman/Volk Associates, Inc., and Eileen Flanagan, Community Development Consulting. December 2010. http://www.cityofrochester.gov/josanaplan/ (accessed May 4, 2016).

With funding coming from a number of sources, the city hired a team of consultants to lead the community planning process. Over a period of seven months, the professional team worked closely with a local Steering Committee and neighborhood residents. Together, they were able to sort through the many opportunities and challenges facing the area, and they carefully reviewed and reached a consensus about recommendations for the future.

The various planning and visioning project that have already taken place in Sheridan Hollow, as well as the current Sheridan Hollow Brownfield project, are all part of the planning process. Much of the information needed has been collected and the key actors and stakeholders have demonstrated a high level of commitment to the area. With the help of a professional team of consultants who can help guide the process, a viable and specific action agenda should emerge. In this way, the community will be helped to clarify its top priorities, develop a coherent and carefully designed set of action phases, and assemble the resources from key public and private stakeholders.

Completing the planning process, which will result in a coherent plan for Sheridan Hollow, is a critical and necessary prelude to further major decisions and investments. As underscored in the recommendation section, this effort, in our opinion, is a top priority for Sheridan Hollow.

4) Assets and Challenges of Sheridan Hollow

Sheridan Hollow is fortunate to have some key locational advantages. The neighborhood is located immediately north of the State Capitol and supporting office buildings. City and County government offices are also within walking distance, as are downtown business and entertainment districts.

Sheridan Hollow benefits from Albany's solid nonprofit organizational infrastructure; there are many players interested in rebuilding low-income neighborhoods in the city. Organizations include:

- A strong network of neighborhood associations, some supported by neighborhood improvement corporations;
- The newly formed Albany County Land Bank that has title to tax foreclosed properties;
- The Community Loan Fund of the Capitol Region (a CDFI) that makes loans to nonprofit groups and micro entrepreneurs;
- Several nonprofit housing developers including a well-regarded Albany Housing Authority, the Albany Community Land Trust, a Habitat for Humanity chapter, and the regional nonprofit Housing Visions;
- The Historic Albany Foundation that provides rehabilitation advice and guidance on use of historic tax credits;
- A long established tenant's rights organization, United Tenants of Albany, which is embarking on a Housing for All advocacy campaign.

A. Ongoing Initiatives in Sheridan Hollow

Two of the nonprofits mentioned above, Habitat for Humanity and Housing Visions, have just completed the collaborative development of 57 units of affordable rental housing and 14 newly-constructed single-family and duplex homes for ownership. This joint project was the recipient of significant public resources, including low-income housing tax credits (LIHTCs) and other state and city subsidies. Habitat is planning 10 more newly-built, single-family, for-sale homes in the same neighborhood, and the rehab of seven more units between Lark Street and Clinton Avenue.

In addition to proposed housing for low-income households, recent projects in lower Sheridan Hollow have added 67 residential units for market and higher-incomes, including both condominium and rental units. Examples include the 24 luxury condos at 17 Chapel Street, with a base price of $333,200 for a 1,650 square foot model, and 900-1,800 luxury loft apartments that will rent for $1,000 - $1,500.

The Breathing Lights Foundation is sponsoring an effort to light up vacant buildings in Albany neighborhoods, including Sheridan Hollow, to show what the neighborhood would look like if these buildings were re-occupied. At this point, the initiative does not include any funds for rehab.

Finally, as mentioned previously, the Sheridan Hollow Brownfield project represents a critical asset in the ongoing planning efforts for this community.

B. Current Conditions in Sheridan Hollow

Despite some recent development activity, Sheridan Hollow does not compare favorably to other neighborhoods given the number of vacant units, perceived crime, and unattractive streets. Although rents are not that much more affordable than in other areas of the city, housing conditions are much worse. As a residential area, Sheridan Hollow is perceived as providing housing of last resort. More specifically, the area has:

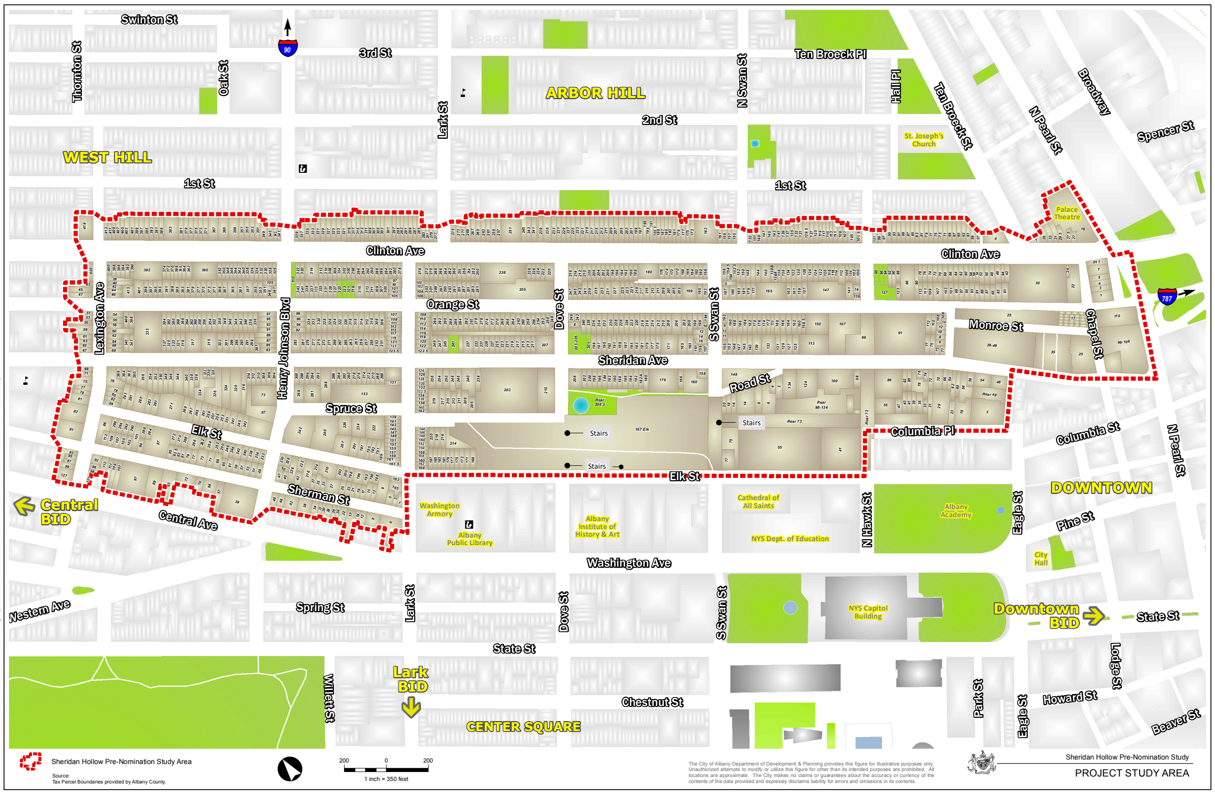
- Over 300 vacant units;
- 179 parcels are vacant lots;
- Many abandoned residential and commercial buildings;
- Several sites are assumed to be environmentally contaminated, with buried oil tanks and soil contamination from lead paint, asbestos, etc.
- A significant number of absentee owners who have not been reinvesting in their properties; and
- An old housing stock that is difficult to maintain and has insufficient market value to support redevelopment efforts.

The commercial land uses in the neighborhood include many parking lots, both private and state-owned, mostly on the southern and eastern ends of Sheridan Hollow, used to provide parking for the state and other downtown workforce. Additionally, the southeastern portion of Sheridan Hollow has an operational power plant, while the western end has unused and underutilized commercial buildings.

While the neighborhood is adjacent to the state office district, the two are separated by a steep and currently undeveloped hill area. To take true advantage of the neighborhood's location, this hill would need to be landscaped and developed into an inviting and accessible park area, with well-maintained staircases and accessible alternatives for traversing the hill to connect the neighborhood with the jobs and offices beyond.

Further information on the demographics and housing characteristics of Sheridan Hollow can be found in Appendix II. A map of the area is shown on the next page.

Map of Sheridan Hollow (within dotted line)



C. Real Estate Development Challenges in Albany

Like many other legacy cities, Albany has suffered from population loss: at its peak, the city housed 134,000; it is now home to only 98,000. Sheridan Hollow is not the only neighborhood in the city suffering from significant disinvestment. As of 2013, there were about 750 vacant buildings across the city.[8] The laws of supply and demand naturally drive real estate values down in these circumstances.

Much of the city's redevelopment resources in recent years have been focused on the downtown business district. Neighborhoods like Sheridan Hollow have continued to languish. A possible exception is the Park South neighborhood, where hospital development was paired with large-scale development of new affordable housing. Observers describe a catalytic effect on the neighborhood, with an overall increase in property quality and property values.

As the state capitol, Albany has some unique features in terms of real estate values and processes. Most of the land occupied by state government is property tax exempt; additional parcels, owned by nonprofit institutions like universities and hospitals, are also property tax

[8] City of Albany Vacant Building Inventory: 2013. https://data.ny.gov/Economic-Development/City-of-Albany-Vacant-Building-Inventory-2013/nv2j-hmda (accessed June 5, 2016).

exempt. Overall, 61% of the city's land is tax exempt. As a result, tax rates on the remaining 39% of Albany's parcels are extremely high. Although it is common for entities that have tax exempt status to make "payments in lieu of taxes," these contributions rarely come close to the amount of revenue that would be collected if the land was being taxed at the prevailing rates.

A 2015 report by the Empire Center for Public Policy pegs Albany's property tax rate at $41.67 per $1,000 in value, the second highest in the Capital Region (after Schenectady; but since Schenectady has lower median home values, that city's average tax bill is still far lower). By contrast, the statewide average is $30.60 per $1,000 in value. Many nearby suburban towns have rates that are considerably lower: for example, Niskayuna ($32.22); Menands ($29.70); and Guilderland ($26.74).[9]

By law, the city has the authority to grant property tax exemptions over 12 years to spur new development, and the city has made liberal use of this tool. Absent such property tax relief, high taxes increase operating costs and thus reduce debt capacity and cash flow from property development, and thus create a drag on real estate values. On the other hand, low municipal tax revenues, resulting from the large amount of taxable land and from frequently granted property tax relief, reduce the resources which the city can bring to bear on urban development and other quality of life improvements in the community.

Albany has a unique relationship with the county in terms of tax foreclosure processes. Whereas most municipalities in the Northeast are, on their own, able to enforce tax collections and foreclosure for unpaid taxes, in Albany, this responsibility belongs to the county. The county reimburses the city for unpaid real estate taxes; and then the county has the right to foreclose or take other further action. On the positive side, this process injects a more predictable property tax revenue stream into a cash-strapped city. On the negative side, enforcement power against dilapidated and abandoned buildings accedes to county officials rather than municipal officials; the county, more distant from the neighborhoods, may have less motivation to proceed with enforcement against owners who have let their properties succumb to blight.

Both nonprofit and for-profit developers point to unique challenges of building in Sheridan Hollow, and in Albany generally:

- Sheridan Hollow, which is a Brownfields Opportunity Area, has a range of environmental challenges. Developers describe the soil as being "Class E," very difficult to build on.[10]

[9] "Property Taxes in New York Communities." March 17, 2015. http://www.empirecenter.org/wp-content/uploads/2015/03/PropertyTax2013.pdf (accessed June 7, 2015)

[10] New York State's Brownfield Opportunity Areas Program provides financial and technical assistance to municipalities and community-based organizations to develop revitalization plans and implementation strategies for areas affected by a variety of environmental contaminations, known as brownfields.

- Further, the city is under a consent decree with regard to stormwater management, adding further complexity to the permitting process and increasing related costs.
- Developers describe Albany code enforcement as particularly demanding, and somewhat idiosyncratic. A frequently-cited example is that the city requires developers to hire city-licensed plumbers and electricians. Developers believe that this represents a huge cost increase of development in Albany over nearby cities like Syracuse or Troy. Developers complain further about a lack of clarity and consistency in city inspection and permitting processes.
- Real estate economics are sensitive to scale: it is much easier to find economic viability with the development and management of a large property than it is with small ones. Yet there are few sites or buildings in Sheridan Hollow that are suitable for large-scale development. The neighborhood is characterized by many small buildings with diverse ownership and in a wide range of conditions. Development of scale in Sheridan Hollow will necessarily involve scattered sites, which adds complexity and cost. (Yet, as discussed in Section 8.E. of this report, Baltimore has developed a seemingly efficient strategy enabling developers to acquire scattered site vacant properties through an auction process.)

Another challenge of the Sheridan Hollow housing market (although one that is shared in many locales across the country) is that market rents are apparently significantly lower than the rents deemed "affordable" by program rules such as those in place for the Low Income Housing Tax Credit program. The maximum LIHTC rent (including all utilities) that could be charged for a 2-bedroom apartment in the Albany area would be $1,107, the amount technically "affordable" to a household earning 60% of area median income (AMI); the HUD "Fair Market Rent," reflecting market conditions throughout the Albany-Schenectady-Troy area, is $1,005. However, outside of the luxury buildings at the neighborhood's edges, market rents in Sheridan Hollow are much lower. Housing Visions, the nonprofit developer that recently completed a LIHTC development in Sheridan Hollow, is charging average rents of only $639 – far lower than the regulatory maximum, but higher rates would get too close to market rentals in the area.

5) Existing State and Local Resources

As noted above, Sheridan Hollow benefits from Albany's vibrant and skilled nonprofit community. Other critical assets of the neighborhood are the range of available city and state funding programs and initiatives, many of which are already supporting revitalization efforts in Sheridan Hollow and other neighborhoods throughout the city. Although we understand that resource availability is not sufficient to meet the demand, feedback from state officials makes clear that there is a strong willingness to work more closely with the Albany community. The following programs are currently available in the City and the State:

A. Homeownership Development and Homebuyer Support

City Resources

The City of Albany's Community Development Agency (ACDA) funds a range of programs to support homebuyers with purchase and rehab. While ACDA has seen its federal entitlement funding decrease, the agency regularly applies for HUD lead abatement funding and rehab assistance from the New York State Affordable Housing Corporation. ACDA's internally-managed repair and downpayment assistance programs include the following:

- ACDA Home Acquisition Program: HOME funds Up to $14,900 to cover gap between purchase price plus closing costs up to 3% of price and homebuyer funds (mortgage and cash saved) of 1-4 family, owner-occupied home
    - Can be paired with lead abatement funds
- ACDA programs to assist owners with repairs
    - Home Owner Assistance Program for major rehab
    - Senior Rehab Program (funded through state RESTORE program)
    - Both can be paired with lead abatement funds
- ACDA Rehab Assistance Program: $5,000 grant towards improvements in multi-family owner-occupied home
- ACDA Emergency grant funds (up to $1,000) facilitated by Arbor Hill and South End Improvement Corps.

The Albany Affordable Housing Partnership and Land Trust offer a range of services to support first-time homebuyers, including:

- Homebuyer education
- Downpayment assistance
    - Buyer's Choice: Land Trust downpayment assistance of $30,000 for purchase and repairs within the city –-funded by HCR programs (Affordable Homeownership Development Program (AHOD) and HOME)
    - Individual Development Accounts (offered through the Federal Home Loan Bank of New York First Home Club)

- Landlord training
- Energy efficiency audits and up to $5,000 matching grant from the New York State Energy Research and Development Authority's High Performance with Energy Star program for low-income homeowners to complete energy efficiency improvements, in conjunction with affordable financing; weatherization programs.

<u>State Resources</u>

- New York State Homes and Community Renewal
  - AHOD funds programs to support the acquisition and rehab of homes facilitated by municipalities and nonprofits (currently funds ACDA and Albany Community Land Trust programs)
  - New York State HOME also funds acquisition and rehab of for-sale homes by municipalities and nonprofits
  - Access to Home: Home repairs to make dwelling accessible for low- and moderate income households (through city/nonprofit)
  - RESTORE: Emergency home repair assistance for elderly over 60 years old (through city/nonprofit)
- State of New York Mortgage Agency (SONYMA)
  - Downpayment Assistance Loan, up to $15,000/3% of purchase price, forgiven after 10 years of owner occupancy
  - New program, using JP Morgan Chase settlement money, offers $20,000 per unit paired with a SONYMA mortgage. Only available in 10 communities around the state as a pilot effort; Albany is not currently included.
  - Builders can pre-qualify developments for SONYMA mortgages through the "set-aside" program. Gives special benefits in targeted areas: higher buyer income limits, no first-time buyer requirements, cheap mortgages for single-family homes or newly-constructed two-families (in targeted areas only)
  - "Home of your own" downpayment assistance for purchasers with developmentally disabled household member (offered by SONYMA in collaboration with the New York State Office for People with Developmental Disabilities)
- New York State Historic Tax Credits can be used for home improvements in connection with Federal Historic Buildings, for structures that are on the National Register of Historic Places, or that are located in a National Register Historic District
- New York State Association of Realtors Housing Opportunities Foundation: $2,000 gift to purchasers who use a realtor
- Federal Home Loan Bank Affordable Housing Program
  - First Home Club grants for closing costs (up to $7,500 for households earning 80% AMI or less)
  - Competitively-awarded development funds for affordable housing projects (both homeownership and rental are eligible); up to $20,000 per unit for homeownership projects

B. Rental Housing Development

City Resources

- While Project-based Section 8 is a heavily subscribed resource, the Albany Housing Authority could conceivably provide a limited number of vouchers to projects receiving other state or city funds.
- The ACDA Tenant Assistance Program provides a subsidy for the rehab of units that will ultimately house low-income tenants
- Property tax relief is frequently provided to developers, over the 12 permissible years, to help owners manage the costs associated with rehab.

State Resources

New York State has a wide range of resources available to support rental housing development in neighborhoods like Sheridan Hollow. In fact, representatives of New York State HCR, in interviews for this project, describe great interest in providing further financial support for the revitalization of Sheridan Hollow, and would be most interested in providing such support in the context of a detailed neighborhood plan.

State resources that could support rental housing revitalization in Sheridan Hollow include:

- Federal and state LIHTCs, which generate equity financing to support development of housing affordable to household at 60% or less of AMI.
    - A special pilot effort will allow these funds to cross-subsidize development of units for households up to 130% AMI, if the development is part of a specific neighborhood revitalization plan
- Housing Trust Fund, providing grant/subordinate debt funding for projects (often those also including LIHTC funding); preference given to nonprofit sponsors. There is no minimum project size; these funds do not need to be used in connection with LIHTC. Can be used to support condominium projects if the sponsor will have a long-term role in condo management.
- HOME funding, providing similar grant/subordinate debt for affordable rental projects; a portion reserved for nonprofit sponsors. There is no minimum project size; these funds do not need to be used in connection with LIHTC.
- Housing Development Fund, offering low-interest construction financing for projects funded with Housing Trust Fund or HOME; preference given to nonprofit sponsors
- Urban Initiatives program, providing modest, flexible grants to nonprofits for neighborhood improvement
- Rural and Urban Community Investment Fund (CIF) program, offering flexible funds that can be used to support non-residential portions of residential projects (in urban areas) in projects that include another state funding source; 1/3 funding match from donated land, materials or other source is required

- Middle Income Housing Program (MIHP) to provide gap financing for housing projects aimed at households between 60% and 130% of AMI, to be used as part of developments that also employ LIHTC for lower-income households (60% of AMI or less)
- A limited number of project-based Section 8 vouchers to provide rent support for affordable housing projects

Sheridan Hollow projects could become priorities for state funding for rental housing projects under several categories:

- By qualifying as Brownfields Cleanup Program-eligible (this would also give the project access to brownfields cleanup tax credits, another potential source of funds);
- By getting identified as a “Priority Project” in the Capitol Area Regional Economic Development Plan
- By developing a clearly-articulated plan for mixed-income and mixed-use redevelopment.

In addition, the Federal Home Loan Bank’s highly competitive Affordable Housing Program awards funds to rental projects as well as the homeownership awards described above. These funds are limited to a portion of profits from the previous year’s operations. The Federal Home Loan Bank does not have the ability to single out any particular geographic area to which funds can be targeted.

In summary, within the region and the state, there is a rich array of resources that could be extremely helpful to the Sheridan Hollow community. A key challenge, discussed in the recommendations, is developing strategies to gain better access to the various funding programs that are available. Although there likely will still be shortfalls for any given project, and critical gaps that need to filled, the various programs that currently exist await better utilization in Albany.

6) Methods

To locate promising financing strategies from across the country that could be relevant to Sheridan Hollow, we took the following steps:

- Reviewed the relevant documents concerning Albany demographics and Sheridan Hollow housing market to better understand issues and challenges.
- Conducted two focus group meeting in Albany with a total of about 40 participants (see Appendix III).
- Conducted follow-up interviews and corresponded with a number of these participants, as well as with other industry participants in Albany and New York State.
- Reviewed a number of reports concerning housing issues in weak market areas.
- Had an initial phone conversation with Alan Mallach who underscored that there is no "magic bullet, "a point echoed in numerous further conversations with practitioners across the country.
- Sent emails to over 50 academic and professional colleagues across the country, soliciting ideas about financing strategies being used in weak market areas and for stimulating a healthy housing market; received responses from 80% - 90% of these contacts.
- Compiled a list of promising or successful initiatives from around the country; this information is presented in the charts on pp. 25-39.. Supporting information comes from website information and follow-up phone calls and emails, as needed.
- Developed a set of recommendations for Albany to assess and, if appropriate, follow up.

It is almost certainly true that there are excellent revitalization programs being implemented that we did not uncover in this survey. However, after several weeks of outreach and research, the list of approaches began to coalesce, and certain models and examples appeared repeatedly. So while this list may not be exhaustive, we believe it to be reasonably representative of the financing strategies employed successfully around the country in neighborhoods like Sheridan Hollow.

Due to time and resource constraints, a number of issues closely related to the topics of this report could not be investigated here. A list of the most important of these issues is included in Appendix IV.

7) Summary of Supportable Debt in Housing Development

Housing finance is built on debt. In a strong market, with solid rents, low vacancies, and typical operating costs, income producing properties should be able to support a reasonable amount of debt. Assuming acquisition or development costs are not excessive, this debt should be able to cover the majority of project costs with cash flow remaining to provide a reasonable return on invested equity that funds the remainder of the costs. In a weaker market where acquisition/development costs are high relative to rents, or in cases where rents are held down to keep the units affordable for lower-income residents, the development will, at most, support only a modest amount of debt, and a development subsidy will be required to make development feasible.

Financing strategies like those described in the next section are necessary because in markets like Sheridan Hollow, housing economics are too weak to support debt financing that could cover development costs.

To assess how much debt might be supportable on Sheridan Hollow scattered-site rental developments, we reviewed two current (Spring 2016) scattered-site projects: the Albany Community Land Trust (ACLT) portfolio (of 42 units), and the operating projections for the just-completed 57-unit project built by Housing Visions, a nonprofit housing development organization based in Syracuse, New York. These two projects reflect modestly differing assumptions, as shown in Table 1.

Table 1:
Comparison of Operating Expenses and Monthly Rents for Two Albany Affordable Housing Developments

	Housing Visions	ACLT
Average monthly rent	$639	$749
Vacancy	.07	.05
Per unit operating expense (exclusive of capital costs and financing charges; and assuming a replacement reserve contribution)	$6,192	$5,583[11]

[11] Although these operating costs are higher than national averages, they are actually consistent, if not lower, than typical operating costs in the Northeast, which have comparatively high utility and property tax rates. In addition, properties in Albany, as with other similar locales, are expensive to maintain due to their age, size, and location in high-poverty census tracts. One of the participants in our focus groups, a developer landlord of scattered site properties, indicated that it costs him an average of $700/month per unit ($8,400/year) to maintain his portfolio.

While the two organizations use different line items to categorize their operating budgets (and thus a line-by-line comparison is not strictly possible), most of the difference seems to derive from the fact that the ACLT portfolio includes a near-complete real estate tax abatement, and the Housing Visions budget includes a payment in lieu of taxes (PILOT) of $600 per unit. Because the allowable permanent debt would be based, in part, on any long-term tax abatement agreements, we have adopted the Housing Visions operating costs in this analysis (approximately $6,200 per unit), assuming that to reach a 15-20 year affordability agreement with the City, a PILOT is more likely than a total long-term elimination of taxes.

Assuming a 7% vacancy rate, $6,200 per unit operating expenses, 1.15 debt service coverage[12] and a 30-year amortization period, the following table shows the maximum debt that can be carried per unit at a range of rent levels and interest rates, as presented in Table 2.

Table 2:
Debt/Unit Based on Various Assumptions of
Targeted Rent Levels and Interest Rates

	Monthly Rentals				
Interest Rates	**600**	**700**	**800**	**900**	**1,000**
5.00%	$6,695	$21,760	$36,824	$51,889	$66,953
5.50%	$6,330	$20,573	$34,816	$49,059	$63,302
6.00%	$5,995	$19,483	$32,972	$46,460	$59,948

Overall, these debt levels are very low compared to the actual costs of housing construction or rehab. For an existing home in Sheridan Hollow, the per unit estimates for rehab alone have been in the $125,000 - $150,000 range; total development costs per unit for the Housing Visions rental project were roughly $265,000. Clearly, the majority of costs of creating good-quality housing in Sheridan Hollow cannot be covered by through borrowed funds; subsidies are needed to close the significant gap.

[12] The debt service coverage ratio is the ratio of the property's annual Net Operating Income (revenues minus expenses) to the annual debt service payments. Debt service coverage is a standard underwriting guideline; both lenders and borrowers want to be sure that a property's operating profits are sufficient to pay its debt obligations, with a little room to spare. 1.15 represents a baseline level of coverage for most lenders, absent mortgage insurance or other government subsidy or guarantee.

An analysis conducted by the Albany Community Land Trust reaches a similar conclusion: rents of $650 to $800 per month are necessary just to cover operating expenses (including property taxes), with little or no money left to cover debt service.

In summary, then, with low market rents and relatively high operating costs, units in Sheridan Hollow can, at most, support debt that covers only a very modest portion of the costs of property rehab or construction.

For homeownership units, the amount of debt that a household can pay is determined by the income of the buyer, and by a loan-to-value ratio applied to the assessed value of the property. Homeownership debt levels also take into account other key costs, such as property taxes. And, of course, as is often repeated in any discussion of real estate values, the central limiting factor in determining a home's sales price is based on location -- the values in a very specific local market, not what a typical homebuyer household can afford.

Some loan funds throughout the country have developed products that can incorporate both the cost and the value of rehab and repairs into financing for a buyer. The greatest loan-to-value flexibility that we have found was in Detroit, where the Detroit Neighborhood Initiative (a joint program of Bank of America and the National Assistance Corporation of America, cited in the previous section) offer loans that can go up to 150% of appraised value for a homeowner who plans a comprehensive rehab program.

8) Overview of Innovative Programs for Financing and Revitalization of Weak Market Areas

Communities across the country are implementing literally hundreds of innovative programs to promote the redevelopment and revitalization of weak market areas. Some of the approaches described here are being used in nearly identical ways in many locations. The selection of programs that we present as "successful examples" is, in some cases, based on the generally strong reputation of the initiatives. In other cases, the selection was somewhat arbitrary. The designation of "success" is based on available information, rather than on a thorough analysis of operations, outcomes and impacts.

For ease of presentation and review, we have sorted the 21 initiatives into the following categories:

A. Homeownership
B. Rental Housing
C. Other Tax Incentive Programs
D. New Dedicated Funding Streams for Land Banks and Other Entities (independent of budget allocations)
E. Code Enforcement Strategies
F. Other Vacant Land Reutilization Strategies

However, since many of these programs are multi-faceted, a number of the programs listed could be placed under multiple headings.

Two strategies used elsewhere are not included in our overview because they are not suitable to Albany's market conditions, as follows:

Tax Increment Financing (TIF): TIF financing allows municipalities to borrow the costs of capital or economic development projects, with repayment of the debt coming from anticipated increases in property tax revenues (usually new property tax revenues that can be attributed, at least in part, to the TIF-financed improvements). For TIF financing to be a useful strategy for developing housing in Sheridan Hollow and similar neighborhoods, Albany would need to be able to reasonably assume that this newly-developed or improved housing would generate predictable, additional property tax revenues. However, as became clear during focus groups and interviews conducted in the course of this project, the Albany property tax environment is not conducive to such assumptions.   Because such a large portion of the city's land (61%) is property tax-exempt, tax rates on non-exempt properties are extremely high – so much so that in order to spur development, the City routinely grants property tax exemptions to developers as an incentive.   All of the housing proformas we evaluated for Sheridan Hollow properties (including the Housing Visions rental project and the ACLT portfolio) already include substantial property tax relief; in fact, these properties might not be able to cover operating expenses from operating revenues, let alone additional debt service, if they were taxed at standard municipal rates. Thus borrowing against future property tax revenues is an unsuitable strategy in the current Albany environment.

Bond financing and 4% LIHTC: The combination of tax-exempt private activity bond financing with 4% LIHTC credits is commonly used in strong markets to the south, particularly in and around New York City. NYC and surrounding areas have the features that make 4% LIHTC / bond-financed transactions viable: significant scale and very strong rents. In order to qualify for the 4% LIHTC credits, an affordable rental development must finance 50% or more of its development costs using bonds from the state's tax-exempt private activity bond cap. While it is permissible to use these bonds for construction financing, and to repay them with soft funds (such as HOME funding or other state or municipal subsidy), the projects that can take best advantage of this resource are the projects that can make use of the inexpensive debt available through the tax-exempt bond program. As is discussed elsewhere in this report, the economics of properties in Sheridan Hollow are such that they can support little or no "hard" debt. Further, 4% LIHTC/private activity bond deals typically have very high transaction costs; so significant project scale is essential to absorbing these costs and keeping the per-unit price at a manageable level. Multifamily projects in neighborhoods like Sheridan Hollow, which are likely to involve aggregating multiple small properties for scattered-site development, are unlikely to reach a scale that would make absorption of these high transaction costs feasible.

A. Homeownership

Loan and grant programs for existing and new owner-occupants who do rehab				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Loans are offered to existing owners or new buyers who will rehab and then occupy homes • Loan-to-value ratios are relaxed to allow for planned rehab, and to account for weak market conditions • Often paired with grants to cover a portion of rehab costs	• Encourages both rehab of existing and new owner-occupied housing • Anticipates market appreciation	• Where rehab is expensive and market values are low, large subsidies likely needed to cover gap • Requires a critical mass of existing and new homeowners willing and able to participate • Depending on subsidy source, maximum income levels for buyers may be capped • Due to strong demand and levels of resources available, accessing funds may take a number of years, thereby creating frustration for homeowners and repair needs getting worse	• SONYMA financing • JP Morgan Chase settlement funds program also offers $20K subsidy per unit. Only available in 10 communities throughout the state, NOT in Albany • NYS Affordable Housing Corp. AHOD program	• Subsidized or flexible debt • Grant or forgivable loan funds

Successful Examples

- Detroit Neighborhood Initiative offers loans up to 150% loan to value (LTV) for properties purchased through Land Bank, at low interest rates
- Landlord Entrepreneur Program of the Connecticut Housing Development Fund offers loans, downpayment assistance and $20,000/unit (up to $40,000/bldg.) rehab grants to qualified first-time buyers
- HNHF Realty Collaborative, an arm of the Healthy Neighborhoods, Healthy Families program, which was launched by Nationwide Children's Hospital, Columbus, Ohio, in 2008. The hospital has invested about $8 million in various neighborhood improvement efforts over the past several years. Makes grants to current homeowners to do exterior renovations @ $15,000-20,000 per household.
- Philadelphia operates the Basic System Repair program, which provides grants to low-income homeowners for repairs to electrical, plumbing and heating systems, and in some cases roof repair or replacement. The program is supported in part by a surcharge on mortgage and deed recording fees, which were used to create the Philadelphia Housing Trust Fund.
- Richmond, Virginia, Urban Pioneer Incentive Program, offers matching fund loans for the purchase and renovation of homes for owner-occupancy up to a maximum of $35,000. If the owner lives in the house for 7 years, the entire loan amount is forgiven. As cited in a 2006 report by Alan Mallach, ***Mayors' Resource Guide on Vacant and Abandoned Properties***.

Nonprofits do rehab and then sell to new owners: New Markets Tax Credits (NMTCs)[13]				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• CDFI organizes a pooled investment involving several nonprofit homeownership developers, that must qualify as Community Development Entities • Investor contributes equity capital which is distributed as a loan to nonprofits to support their development activities • In exchange for their capital, investors receive a tax credit over a period of 7 years. This credit is equal to 39% of all of the invested funds, which includes both the investor's equity, plus other funds and resources contributed by the nonprofit developers	• Equity generated to support homebuilding activities • Compliance activities are focused on the use of funds, and not on the homebuyers; so there is flexibility about income levels and other buyer qualifications	• Very complex structure; heavy transaction costs • Needs sufficient scale to work ($5 million +; thus the need to create a pool of developer participants) • Dependent on securing funds from a CDFI with a NMTC allocation, a resource in high demand • Housing must be in qualified census tracts • Builders must continue to develop at least one house per year for the seven-year compliance period	• NMTC program is available through 2019 • Allocations vary from year to year • Allocations not necessarily limited by geography (NY groups could work with CDFIs in other states, and participate in multi-state pool of developers)	• CDFI with a NMTC allocation willing to put together this kind of fund • Other participant homebuilder nonprofits
Successful Examples • Coalitions of Habitat for Humanity affiliates have used this structure all over the country; for example, in St. Louis • Principal practitioner is Smith NMTC Associates, LLC				

[13] NMTCs can be used for rental housing, but with certain restrictions. The credit can be used in mixed-use developments only where at least 20% of the income from the building is from non-residential uses. A building that derives more than 80% of its rental income from the residential rental units would, therefore, not qualify.

Developer rehabs and then sells to new owners: subsidy sources other than NMTCs				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Developer takes leadership role in acquiring buildings and managing rehab process • Must have access to subsidy sources	• Developer is able to oversee rehab and ensure appropriate quality • Economies of scale may be beneficial in securing bulk pricing	• Capable for-profit or nonprofit developers needed • Developer needs a large inventory of vacant property and the ability to handle carrying costs and liabilities	• AHOD, HOME program, lead abatement, Access to Home—AHP and Land Trust	• Up-front capital for acquisition and rehab needed. • Subsidy dollars likely needed to close gap between acquisition + rehab costs and sales price of the home

Successful Examples

- ANDP (Atlanta Neighborhood Development Partnership).
  Started with Neighborhood Stabilization Program funds; now trying to raise private philanthropic funds.
- Nationwide Children's Hospital, Columbus, Ohio provides about $115,000/yr. to the church-based CDC in the area, thereby enabling the organization to forego developer fees. The hospital is covering the $30,000-50,000 development gap (difference between costs of house + rehab and sale price).
- Neighborhood Housing Services (NHS) New Haven develops for-sale 1 and 2-unit housing. The typical total development cost is $325,000 with a sales price of $140,000. Subsidies come from the state's de-leading funds, and the FHLB. Approach is to acquire all the vacant properties on one street and develop them in a cluster in order to create some value in the properties.

Insuring homeowners' equity				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Provides homeowners with a guarantee that at least a portion of their investment will not be lost if they need to sell before market values allow them to sell their home for the purchase price plus any other major investments	• Creates an incentive for individuals to invest in areas where risk may be perceived as too high	• If too many households choose to sell before the market catches up with investments • Fund either needs to be capitalized up front or have a reliable revenue stream backing the insurance	• No	• Insurance fund needs to be created based on sound actuary principles • Initial capitalization of the insurance required

Successful Examples

- The Southwest Home Equity Assurance program operates in a number of Chicago neighborhoods. Created by the Illinois legislature, the program is financed by a surcharge on the property tax levy on 1- to 6-unit residences in the equity assurance district. This provides an on-going source of revenue. Owners must wait a minimum of 5 years to sell their home if they are making a claim.
- A well-known program, The Syracuse Neighborhood Initiative, insured owners against the first 10% of home value loss. However, the program was unable to sustain itself in the face of the collapse of the housing bubble in 2006-2007 and became insolvent.

Employer Subsidies				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• A large employer, typically with "deep pockets" and a stake in a particular area, provides subsidies and/or very attractive loan terms to new employees purchasing homes.	• Helps to create a market for homes in an area that is not typically viewed as a top choice for new employees • Provides opportunities for these employees to access resources for housing, thereby reducing costs of homeownership	• Identifying and engaging such a large employer with sufficient resources is not easy	• Modest grant program offered by Albany Medical Center to employees purchasing homes near the hospital; $4,000 per household	• Commitment on the part of a large local employer and availability of significant loan and subsidy resources

Successful Examples

- Yale University has, for more than two decades, been assisting Yale employees to buy homes in targeted New Haven neighborhoods. The program provides up to a $30,000 total benefit to participants: a $5,000 first-year bonus and an annual $2,500 grant for up to 10 years to university faculty and staff as long as they continue to own and live in the home and remain employed by Yale. As of fall 2015, 1,134 Yale faculty and staff have benefited from the program.
- A Johns Hopkins program works closely with the City of Baltimore to identify target areas, and adjusts the level of assistance from $5,000 - 23,000 based on the market gap in the area, and the importance to the university and the city of stabilizing the area. Full or partial grant recapture occurs if the home is not kept as the primary residence for at least five years. Since 2008, the program has assisted over 500 homebuyers by providing down payment and closing cost funds.

B. Rental Housing

Low Income Housing Tax Credits: scattered-site rehab				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Developer secures 9% federal LIHTC, and/or state LIHTC, to rehab small single- or multifamily buildings throughout a neighborhood, improving many structures simultaneously. Idea is to quickly establish critical mass of investment and improvement • Applicable where a developer is able to get control of a critical mass of properties for development, and has the experience and capacity to successfully complete a lengthy predevelopment process. This strategy has been used in neighborhoods of all sorts, all over the country	• Rental housing • Extended use restriction (30+ years) • Provides substantial subsidy; facilitates large-scale efforts • Maximum income at initial occupancy is 60% AMI for federal LIHTC; but as high as 90% AMI for NY state LIHTC	• Modestly complex, but market for tax credits has become efficient and the expertise for dealing with the program is widely available • Other subsidy often required (and usually provided) • Requires complicated compliance over the long term • In many weak market areas, the allowable rents under LIHTC program are higher than the existing rental housing stock	• $25 million in federal 9% credits available through NYHCR's most recent funding round • $4 million in state credits • Numerous state sources are available to support LIHTC projects, and are generally awarded simultaneously • State Middle Income Housing Program offers funding for units targeted at 60% AMI – 130% AMI in LIHTC developments to support revitalization	• LIHTC is a competitively-awarded resource. Housing Visions project in Sheridan Hollow recently secured an award package. Political and HCR support is needed to secure an award, along with funding for the predevelopment work necessary to submit an application

Successful Examples

- Housing Visions work in Syracuse, Utica
- ONE Neighborhood Builders in the Olneyville and Elmwood neighborhoods of Providence
- RUPCO is acquiring scattered site properties in Newburgh, NY from the local land bank and packaging them into a 9% LIHTC deal using a wide range of sources including state tax credits, historic tax credits, solar credits.

Low Income Housing Tax Credits: lease-purchase				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Scattered-site development of single-family houses in transitional neighborhoods. Houses are rehabbed. Renters are provided with up to five years of homebuyer counseling. Houses sold at year 16 to residents, for outstanding debt	• Rental housing converting to ownership • Renters must earn 60% AMI or less when they move in; but incomes can rise thereafter • Selling houses for debt only gives low-income renters substantial equity in their newly-owned homes	• Need to ensure that houses are in very good condition at year 16, to avoid repairs that low income owners cannot afford • Long-term maintenance may be an issue if buyers are very low-income • It is perhaps likely that the original tenant will not be in residence after year 15, thereby providing a fairly arbitrary bonanza to tenants at that time	• Dependent on LIHTC funding (see above) [Note: this program could work with other forms of rental financing, providing there are sufficient resources to turn over the homes to the new owners in extremely good condition] • If subordinate debt is also needed for development, then loan repayment or forgiveness terms will need to be negotiated	• LIHTC awards • Homeownership counseling and long-term coaching • IDA/downpayment assistance programs also helpful
Successful Examples • Cleveland Housing Network has developed 2,882 homes, and sold 785 to date • Housing Visions is attempting to implement this model, as are many other nonprofits around the country				

Rental rehab by for-profit or nonprofit developers				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Ample stock of housing needing repair; homeownership not yet attractive option. Rehab done at a level somewhat lower than typical LIHTC standard, but interiors must be updated and safe, and exterior renovations demonstrate that investment is being made	• Need for a substantial line of credit, often from a CDFI • Strong, capable CDC needed to operate the program	• Rehab of existing, older homes can be very costly with many unforeseen surprises • Figuring out an adequate level of rehab may be challenging; need to balance desire to cut costs with low maintenance costs and long-term sustainability	• Capable nonprofits and for-profits in Albany • Existing city and state resources, including the ACDA Tenant Assistance program, the Housing Development Fund, HOME funding and the state Housing Trust Fund; all are available and have no minimum project size	• Subsidy is usually still needed to bridge the gap between acquisition/rehab cost and debt capital
Successful Examples • Community Asset Preservation Corp., which is the nonprofit CDC connected with New Jersey Community Capital. Subsidy of about $15,000/unit.				

Revolving loan funds, some with flexible loan to value standards				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Loans for landlord acquisition and rehab of properties that will allow lending above appraised value • Can be paired with subsidy/grant funds for rehab	• Financing provided for small multifamily buildings or groups of small buildings in a single neighborhood • Landlords borrow money on favorable terms; can repay/refinance as market appreciates	• Program assumes that market will catch up to costs, and owners will be able to refinance loans when they are due • Where gap between cost and value is particularly great, subsidy will still be needed	• No	• Community loan fund with donors, lenders and/or investors willing to provide capital on very favorable terms, and/or wait long periods for a return of their capital

Successful Examples

- Community Investment Corp. of Chicago 1-4 unit program; loans of up to 120% of appraised value, up to 80% - 90% of costs; Chicago CDFI Collaborative provides subsidies with funds from JP Morgan Chase's PRO Neighborhoods grant.
- Chicago Community Loan Fund Neighborhood Investor Lending Program provides smaller scale for-profit and nonprofit developers finances up to 90% of the acquisition and rehabilitation costs of 1-4 unit buildings which can be converted to a long-term fixed rate loan; minimum 10% equity contribution from developers; provides a technical assistance and an Energy Efficiency Loan Option for developers seeking to lower the building's utility costs.
- New Jersey Neighborhood Prosperity Fund involves a permanent revolving loan fund of up to $50 million to provide flexible, long-term lending capital to builders and rehabbers; may be paired with subsidy funds where needed.

Private investment fund with "patient capital" or donated capital.				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Private businesses team with nonprofits to engage in a comprehensive, block-by-block plan to reclaim and rehabilitate a neighborhood • Coordinated planning to determine rehab versus demolition on a lot-by-lot basis. Partners' private capital is used to leverage a line of credit to fund development activities	• Coordinated efforts pair CDCs with committed, philanthropically-motivated private capital to fund comprehensive revitalization, one block at a time • Avoids the extra delays, costs and restrictions of public funding	• The success of this approach has been attributed in part to the community's strong existing institutions, low crime rate, and prior history of stability (undone by the housing crisis) • May not work in the most extremely blighted communities	• No	• Private philanthropic/ investment dollars from firms willing to be active participants • Strong local CDCs with at least some capital and adequate staffing to manage the effort • Ability to secure critical mass of properties in a clearly-defined area and engage in definitive, collaborative disposition planning

Successful Examples

- Slavic Village in Cleveland involves a partnership between two private real estate firms and two CDCs. Invested capital is seen as a very long-term prospect, essentially a philanthropic donation, with any profits to be reinvested in the neighborhood.
- Private companies have endowed a revolving loan fund to enable the organization, 3CDC, in Cincinnati to acquire buildings needing rehab (some with expiring 30-year HUD contracts).
- Chicago CDFI Collaborative (comprised of 3 CDFIs) provides small-scale investors in one-to-four-unit buildings with a spectrum of loans and forms of assistance. $5 million grant from the JPMorgan Chase Global Philanthropy Foundation.
- Youngstown Neighborhood Development Corporation rehab program facilitates the sale of homes to buyers, with financing from the YNDC Community Loan Fund, outside financing or cash. The Raymond John Wean Foundation provides support.

C. Other Tax Incentive Programs (not including LIHTC or NMTC)

Tax credits for rehab of abandoned buildings				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• States and cities provide tax credits that return a portion of the cost of rehab to the owner/developer	• Provides a significant rebate of costs to bring abandoned buildings into active use	• Tax credits are realized over time; developer will need to come up with up front capital and take financial risk.	• No	• Legislative action
Successful Examples • South Carolina Abandoned Buildings Revitalization Act. Owners can claim 25% credit over 5 years on either income or property taxes for work done on abandoned buildings (not single-family; must do at least $75,000-250,000 of work, depending on size of municipality; credit maximum is $500,000).				

Tax credits for philanthropic donations to CDCs engaged in community revitalization				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• State tax credits provide incentive for charitable donations to CDCs, which in turn use the funds for community development activities	• Underwrites the general community development activities of CDCs; uses could include development subsidy	• Many possible uses of the funds; overall resources may be too modest to have significant impact	• No	• Legislative action
Successful Examples • New Jersey Neighborhood Revitalization Tax Credit Program provides a 100% tax credit; nonprofits must use at least 60% of funds for housing and economic development. • Massachusetts Community Investment Tax Credit Program. Private investors provide funds to CDCs in exchange for state tax credits; CDCs can be awarded up to $150,000 in state CITCs per year for three years that the organization can use to attract up to $300,000 in private investment each year. The tax credits are equal to 50% of the donation made by corporate or individual taxpayer. Investors also receive a federal charitable tax deduction, since the CDCs are 501(c)(3) organizations. • Pennsylvania Neighborhood Assistance Program assists distressed, low-income areas by providing tax credits based on pending contributions from for-profit companies.				

Tax credits for development in distressed areas				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• States provide tax credits that return a portion of development costs to owner/developer for housing development in distressed neighborhoods	• Tax benefits are structured to provide the greatest benefits in the most distressed areas; provide incentives for rehab • Subsidy realized over time through tax benefits that bridge the gap between cost and value	• Tax credits are realized over time; developer must have up-front capital and take financial risk • Amount of credits available may be limited; • Program may only be available through by application vs. "by right"	• No	• Legislative action
Successful Examples • Missouri Neighborhood Preservation Act provides credit of 15% - 35% (larger amounts for rehab rather than new construction in the most distressed areas), up to $70,000 per unit in some cases; only for housing that will eventually be owner-occupied				

Historic tax credits				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• For qualifying projects, tax credits may be available that offer a percentage of the cost of qualified rehab expenditures as a federal, state or local tax credit • For federal credits, property must be on the register of historic places, or part of a qualified historic district • States and municipalities have their own rules for qualification	• Provides a significant tax benefit to offset the costs of rehab of a historic building (federal credit is 20%) • Federal, state and local credits can be combined for greater benefits • Not tied to use restrictions tied to resident incomes • Provides an incentive for maintaining and enhancing buildings of historic interest.	• Federal credit is only for income-producing properties • Qualifying for the national register can be a time-consuming and uncertain process • The cost of doing historically acceptable rehab is generally higher than non-restricted rehab • States vary in their programs; some are awarded competitively rather than "by right."	• NYS has a historic tax credit that can be paired with the federal tax credit for commercial properties; provides a 20% credit against qualifying expenses up to $5,000,000 • NYS's Historic Homeownership Rehab Tax Credit provides a credit of up to $50,000 for owner-occupied units in the National Register • NYS credit expires in 2019	• Reauthorization of NYS tax credit beyond 2019
Successful Examples • Baltimore has a municipal historic tax credit against increased property valuation post-rehab • Maryland has several state historic credit programs, including one for owner-occupants, and one for smaller properties; many other states also have historic tax credit programs.				

D. New Dedicated Funding Streams for Land Banks and Other Entities (independent of budget allocat

New or newly designated revenue sources for vacant property acquisition and rehab				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Regular source of revenues identified that are automatically transferred to land banks, or potentially to other entities, to subsidize activities • Through state statute, Ohio counties can opt to fund land banks with 5% of delinquent property tax receipts ("DTAC," Delinquent Tax and Assessment Collection) • Other states dedicate a portion of property taxes from properties that were rehabbed and resold by land banks ("5/50" or "5/75" provisions, five years of 50-75% of the taxes paid on land bank properties after sale)	• While city, county and state funding for land banks is helpful, a dedicated funding source (such as delinquent property tax receipts) can establish a predictable funding stream for land bank activities and expenses that is relatively immune to political and budgetary volatility	• Property-tax-increase-dependent funding sources (like NYS's "5/50") are less helpful where property tax abatement is common, as in Albany	• NYS's 2011 Land Bank Act includes a "5/50" tax recapture provision (50% of taxes earned on designated properties after land disposition (must enter into agreement with taxing jurisdiction) • NYS's Attorney General also has a Land Bank Community Revitalization Initiative that awards funds on a competitive basis, funded from National Mortgage Settlement. Capital Region Land Bank has received awards through this program.	• Municipal, state or county legislative action to establish regular funding stream such as Ohio's DTAC • Agreement between City, County and Land Bank to implement 5/50 provision (if they have not already done so)
Successful Examples • Cuyahoga County, Ohio takes advantage of Ohio's DTAC provision • Atlanta Land Bank Authority raises 2/3 of its budget through regular city and county appropriations, and the remainder through a 5/75 provision (capturing 75% of property taxes for 5 years) Above examples are from the Center for Community Progress on Land Bank best practices.				

New revenue source through property tax surcharge				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Municipalities allow voters to decide whether they want to levy an additional tax on themselves, likely in the form of a small property tax surcharge • The use of this fund likely needs to include more than affordable housing uses (e.g., historic preservation and open space) • A local committee is in charge of reviewing proposals for funding allocations and making awards for eligible activities	• Municipalities can access a pool of funds without additional appropriations needed from the general fund • The availability of some level of state matching funds is an important incentive for taxpayers to be amenable to voting to increase their taxes, even modestly	• Affordable housing use of the funds has to compete with other uses that communities may find more appealing	• No	• Legislation required • State matching funds should be available
Successful Example • Massachusetts Community Preservation Act (CPA) gives local governments the option of levying a property tax surcharge of up to 3%. State funding is available to match these contributions, although typically not 1:1. Out of the state's 351 cities and towns, 161 have created a local CPA fund.				

Revenues generated from caps on greenhouse emissions				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Greenhouse-gas (GHG) producing industries must purchase at auction permits authorizing their GHG output-levels • The aggregate level of allowable GHG pollution is "capped;" permits can be traded among firms • Permit sales generate substantial new revenue • In 2014, the California Legislature required that 20% of all cap-and-trade proceeds be earmarked for a new Affordable Housing and Sustainable Communities (AHSC) Program, which funds affordable housing that reduces fossil fuel use and greenhouse gas emissions • AHSC prioritizes urban infill, higher density projects, near transit • Walkability, bikeability, and energy efficiency are strongly encouraged	• In addition to the program promoting consciousness about energy utilization and greenhouse emissions, it provides a dedicated funding stream for housing	• May be complicated to explain and implement the process for allocating GHG output levels, designating the cap level, implementing the sale of these caps, and collecting the revenues	• No • However, the Regional Greenhouse Gas Initiative, in which NYS is a participant, may set a good precedent for this type of intervention	• Legislative action
Successful Examples • California AHSC. The 2015-201 funding round for this program will award some $160 million in housing funding via grants and loans. There is optimism that the cap-and-trade set-asides will grow incrementally over time. • "Income, Location Efficiency, and VMT: Affordable Housing as a Climate Strategy," by Gregory L. Newmark, and Peter M. Haas. 2015, (December).				

E. Code Enforcement Strategies

Legal actions against vacant and abandoned properties				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Legislation facilitates the official declaration of a property as abandoned, and enables municipality to take corrective action (e.g., charging extra fees in addition to property taxes, taking property through eminent domain and assigning it to a developer for rehab and restoration to active use)	• Clear, legal definition of abandoned property (enforcement even if property taxes are current) • Expanded power for municipalities to recover the costs of dealing with nuisance properties • "Vacant property receivership" lets courts force timely rehab of abandoned properties	• Most effective where the municipality procures in advance a nonprofit or other developer who can step in to buy and rehab properties as the city takes control • Vacant property receivership is still an arduous, parcel-by-parcel process	• NYS Real Property Law Sec. 19-A enables municipalities to take abandoned properties; amendments pending;	• Assess applicability of state law for Albany

Successful Examples

- New Jersey's Abandoned Properties Rehabilitation Act (also see this descriptive article in *New Jersey Municipalities)*
- Baltimore's exemplary Vacant Property Receivership Program uses the police power to assure that nuisance and public safety aspects of property are remediated by new owner if original owner cannot

Paired code enforcement and rehab financing,				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Municipality works with a community development financing agency to claim vacant or abandoned properties; financing agency then funds rehab and transfers property to responsible owner	• Partnership between cities and nonprofits enables quick action for blighted abandoned properties • Financing can combine debt with other subsidy funds (e.g., CDBG)	• Requires coordinated action between city and community agencies • Requires a ready pool of responsible landlords/owners	• Land Bank could serve as the vehicle; but would need to expand beyond tax title foreclosure to abandoned property reclamation	• Implementation of legislation to allow city or county to claim blighted properties • Funding for subsidies to support rehab

Successful Examples

- Community Investment Corp/City of Chicago Troubled Building Initiative. Partnership program identifies severely troubled rental buildings. CIC acts as an agent for the court in taking legal action or serving as receiver/making court-ordered repairs and offers financing to help landlords upgrade their properties.
- Community Asset Preservation Corp. (subsidiary of New Jersey Community Capital), using Abandoned Properties Rehab. Act

F. Other Vacant Land Reutilization Strategies

Side Lot programs				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Transfer of vacant lots at nominal or no charge to the owner-occupant of an adjacent home	• Owners can use the vacant lots for gardens, lawn, garages, etc., putting them back into productive use • Vacant properties get responsible stewardship	• Only an option where a neighborhood has some population of owner-occupants	• Yes	• Land bank programming
Successful Examples • Building Detroit side lot program • Many Ohio land banks, including (for example) Lucas County (Toledo), Trumbull County (Youngstown)				

Large land assembly				
How it works	**Key features and benefits**	**Caveats**	**Current availability**	**Necessary resources (funding, legislation)**
• Mechanism for enabling large-scale developers to acquire vacant or distressed parcels with state tax credit support	• Incentive for developers who are able to put together a major redevelopment deal	• Developer will need a significant amount of up-front cash to accomplish land acquisition • It is never easy to amass a large number of parcels	• No	• State legislation and authorization for tax credit funding
Successful Examples • Missouri's Land Assemblage Tax Credit program helps developers put together a critical mass of properties (totaling about 50 acres) in distressed areas. State tax credits are provided to the redeveloper based on 50% of the acquisition costs and 100% of the interest costs incurred for a period of five years after the acquisition of an eligible parcel. Maintenance costs may also be included as acquisition costs.				

9) Recommendations

To create a healthy housing private market in Sheridan Hollow, a range of initiatives will need to be implemented. This will require eliminating or upgrading vacant and derelict buildings, promoting both homeownership and good rental housing opportunities, implementing open space improvements to the hillside separating Sheridan Hollow from the state office buildings, and supporting a revitalized neighborhood-oriented commercial sector. Assuming that an overriding goal is to turn Sheridan Hollow into a truly stable community of choice, the initiatives selected should be aimed at promoting both affordable and market-rate housing.

As Sheridan Hollow becomes an increasingly desirable area, it will be important that current tenants be safeguarded from unwanted displacement. Developing a stock of permanently affordable housing will help to mitigate the negative side effects of any future gentrification. While we acknowledge that this may seem like a long way off, housing that has long-term affordability restrictions will be a key component of Sheridan Hollow emerging as a robust, diverse community.

To achieve this vision, we offer the following recommendations:[14]

A. Comprehensive Neighborhood Planning

We recommend that the Sheridan Hollow community continue to sustain and support its comprehensive neighborhood planning effort. Successful neighborhood revitalization efforts around the country involve the coordinated efforts of many players. Planning is key: what blighted buildings will be demolished, and what will happen to the vacant land? What historic structures will be saved? What infrastructure needs to be created for the neighborhood to succeed, and how can public spaces be developed to support a healthy neighborhood? The participation of existing residents and community leaders, along with nonprofit, civic and business leaders, is essential as master planning for Sheridan Hollow continues. In making this recommendation, we underscore the importance of the outcome being a focused, specific action plan, rather than a broad conceptual statement of the community's goals.

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[14] The recommendations presented here are aimed at the Sheridan Hollow community, the City of Albany and New York State. We recognize that a number of excellent recommendations have been suggested for a larger national response to the types of problems facing Sheridan Hollow. See, for example: Alan Mallach, "Create New Bond and Tax Credit Programs to Restore Market Vitality to America's Distressed Cities and Neighborhoods." See Appendix I.

B. Increased Stakeholder Involvement and Better use of Existing Resources

A key component of the neighborhood planning process should more fully Involve the key city and state stakeholders to help Sheridan Hollow and Albany's other neighborhoods to draw more attention to their specific needs and to get better access to New York State's considerable pool of resources. New York State has an impressive array of programs, both federally- and state-funded, that could be more effectively directed to support projects of all sorts in Sheridan Hollow. In fact, the state's funding plans are, in many cases, developed to prioritize the kind of comprehensive neighborhood revitalization plan that Sheridan Hollow might develop. However, as noted previously, despite the rich assortment of available programs the demand for these resources far exceeds what is available.

There is reportedly a strong desire on the part of state officials to assist Sheridan Hollow to utilize the existing programs and to better access state resources. Engaging the key people in the state who distribute these funds should facilitate the ability to get broader and more predictable access to these funds. We acknowledge, however, that for this to happen, the mayor and key city stakeholders will likely need to be "front and center," indicating that the revitalization of Sheridan Hollow is a top priority. Among the very first requests should be funds to do the landscaping and reconfiguration of the hillside to make it permeable between the area and state office buildings.

At the city level, it is critical for local public officials to be engaged in developing the action plan and in working through the many issues and steps needed to implement the selected strategies. In particular, a serious effort should be made to assure that vacant, abandoned, or otherwise seriously dilapidated houses can be acquired by the city through an easy-to-implement and efficient process and that a new owner can assume ownership, with a commitment to rehab the structure. Rehab costs would then be underwritten through various city, state and federal subsidy sources. We believe that many of the procedures are already available, at least in some form, but that they need to be activated and used aggressively. And, where the needed tools are lacking, the city should take the necessary steps to create a smooth, effective process for assuring that nuisance and unsafe structures are brought back into active use as quickly as possible or that they are demolished if that is deemed to be the best approach.

In many other locales, we found examples of local public, private or nonprofit entities with both "deep pockets" and a strong commitment to the area. Is Albany Medical Center a possible anchor – partner for other Albany weak market neighborhoods, in addition to Park South? Are there any other potential candidates to play this critical role for Sheridan Hollow?

C. Develop "One-Stop Shopping" Guide

To facilitate the acquisition and rehab processes, we recommend that key stakeholders develop materials that will enable existing owners and buyers of single and multifamily housing to more easily understand what financial and technical resources are available and to clarify how these resources can be accessed. At the present time, the array of programs presents a confusing maze of agencies, acronyms and requirements which can be significantly discourage program implementation.

D. Work with the City to Identify and Resolve the Factors that Make Albany an Unusually Expensive Development Environment

It is important to clarify why, as reported by both nonprofit and for-profit developers working throughout the Capital region, development costs in Albany are so high relative to costs in nearby cities and towns. We recommend working with the City to explore this issue and to change policies and practices that add cost without contributing to safety and quality of the built environment. Both nonprofit and for-profit developers point to a regulatory environment that makes Albany a much more expensive municipality in which to build housing than other nearby cities and towns. Such conditions run directly counter to the city's best interests of developing a stock of high quality affordable and market rate housing. The City should be encouraged to undertake a critical review of its development processes and policies to revise those that add unnecessary costs without contributing to building quality and public safety.

E. Select the Most Appropriate Financing Strategies to Implement

As noted earlier, we suggest that the participants in the planning process take the leadership role in fully assessing the many strategies that are outlined in Section 7 of this report and, together, decide which approaches make the most sense for Sheridan Hollow. The Sheridan Hollow community is already in the process of developing an extensive neighborhood plan, which will hopefully provide sufficient detail and direction, and which will hopefully have sufficient support from city and state public stakeholders as well as the immediate community, to enable this neighborhood to initiate a strong revitalization effort.

Through the process of evaluating national models against current conditions, several particularly applicable strategies have emerged. The strategies recommended in here support a vision for Sheridan Hollow that offers both rental and ownership opportunities, consistent with the initial investments that have already been made in the neighborhood. Further, we recommend a mix of strategies in terms of income-restricted and market-rate housing: while subsidized affordable housing may be a particularly promising way to significantly improve the built environment and jump start a neighborhood turnaround, the ultimate goal should include creating an environment that can attract buyers and renters with other options, and provide a reasonable return for private, unsubsidized developers.

For our most promising approaches list, we selected programs that:

1) are already available locally (for the most part), but that could be made more effective for the Albany environment with minor tweaks;
2) are relatively straightforward, rather than highly complex;
3) assume a relatively large financing gap that needs to be covered;
4) do not depend on a single or a group of “deep pocket” partners, such as universities, foundations, or private developers;
5) do not depend on tax abatements as a key incentive, since Albany already provides a great deal of this type of subsidy;
6) expand or support the capacity of existing institutions;
7) provide a statewide incentive for all sectors (nonprofit and private alike) to engage in revitalization of targeted neighborhoods;
8) do not assume that a market turn-around is likely in the short-term;
9) balance the production of ownership and rental units; and
10) are (for the most part) able to be implemented without additional legislation (although we make a few exceptions for the most seemingly promising approaches).

In offering the following (the best of the best) as well as the most applicable, we want to underscore that **all** the programs we have summarized in Section 8 should be carefully assessed for their relevance for Albany, either now or in the future. The key issue going forward is how the various programs will contribute to the creation of a vibrant, healthy private market, with a mix of rental and homeownership opportunities for households with a range of income levels. To achieve this, there has to be a constant awareness of the need to balance income- and price-restricted units versus real estate that could appreciate in value.

In addition, as suggested earlier, we feel that, ultimately, the selected approaches should evolve from the recommended comprehensive neighborhood planning process, and from work with city and state public stakeholders. Any premature decisions about what is “best” for the community run the risk of not having sufficient support and buy-in for the proposal. We also appreciate that many of the “best” programs are already being used to some extent in Albany and that existing city and state resources are already in place, at least to some extent. What is needed is a stronger commitment to bring these efforts to scale, through improved access to resources and local capacity-building.

Homeownership

1) **Loan and grant programs for existing and new owner-occupants who do rehab**
   Pairing favorable loans with rehab subsidies is already available through SONYMA through the JP Morgan Chase settlement program; it is not, however, currently available in Albany. The subsidy available could be increased by getting Albany into the JP Morgan Chase settlement program, or by enhancing the SONYMA program with additional subsidy from AHOD or from FHLB. [Note: The AHOD program already provides subsidies for municipal and nonprofit developers who rehab and resell properties; this is an extremely helpful program that could benefit from expansion.]

Rental Housing

2) **Low Income Housing Tax Credits: scattered-site rehab**
   The LIHTC program can be utilized to support development on a larger scale than any other rental subsidy program; if sufficient properties can be assembled, it could be deployed for rehab of multiple properties in Sheridan Hollow as permanently affordable rental housing. Where applicable, LIHTC can be combined with both federal and state historic tax credits to further support the preservation of buildings of historic interest. The resources are available, and the state is apparently willing. [Note: the lease-purchase variant of this approach may be workable, but we are mindful that this model seems to have limited success, with the exception of the several Ohio programs, notably the Cleveland Housing Network. Other nonprofit-led models should be considered.]

3) **Rental rehab by for-profit or nonprofit developers**
   While LIHTC scattered-site development works effectively when properties can be amassed at scale, given the nature of the Sheridan Hollow housing stock, smaller-scale rehab projects will continue to be an important part of neighborhood revitalization. Given the significant current gap between acquisition/rehab costs and the financing that can be supported with rents in that submarket, subsidies will continue to be necessary to make such projects viable. There are a number of state programs (including HOME and the Affordable Housing Trust) that could support such projects. Increased dialogue with state funders, along with developing greater capacity for local nonprofits to help them access these funds, would help to direct a greater portion of these state resources to Sheridan Hollow. Lead abatement funds and city programs

like the ACDA Rehab Assistance Program are also helpful in bridging the gap between costs and market sources. In the future, as the market improves, neighborhood economics may eventually support rehab rental projects without additional subsidy.

Other Tax Incentive Programs (not including LIHTC or NMTC)

4) **Tax credits for philanthropic donations to CDCs engaged in community revitalization**
   The Massachusetts Community Investment Tax Credit may be a viable model for New York State. The funds provided to CDCs through this program (up to $300,000) typically are used to enhance organizational capacity. Tax credits are limited, thereby controlling the costs to the state in lost revenues: $6 million from 2015-2019. Given the significant need among nonprofits in Albany (and likely across the state), for this type of support, this could be an essential ingredient for assisting them to better utilize city, state and federal resources. In Massachusetts, organizations must be certified by the state before they can receive funds (new legislation would be needed).

New Dedicated Funding Streams for Land Banks and Other Entities (independent of budget allocations)

5) **New or newly designated revenue sources for vacant property acquisition and rehab**
   This would involve dedicating tax or other revenues to support the land bank. Since Albany is such a tax-starved city, funding from the city is highly unlikely. Dedicated revenues could, perhaps, come from the County or from the state (new legislation may be needed).

Code Enforcement Strategies

6) **Legal actions against vacant and abandoned properties**
   Legislation facilitates the official declaration of a property as abandoned, and enables the municipality to take corrective action. Applicability of New York State Real Property Law Sec. 19-A needs to be assessed.

Other Vacant Land Reutilization Strategies

7) **Large land assembly**
   State tax credit program (rehab tax credits or distressed area tax credits) can be used to enable developers to acquire blighted properties such as abandoned buildings and vacant lots and to undertake rehabilitation

(new legislation may be needed).

F. Investigate Potential Immediate Community Development Initiatives, Remediate Environmental Problems, and Explore Possible New Revenue Sources and Innovative Programs

As the planning process evolves, we recommend that key stakeholders continue to explore a number of initiatives that, we believe, are critical foundational steps for Sheridan Hollow, if it is to emerge as a viable and desirable place to live. This recommendation is akin to the following image: while an ailing patient is waiting to see the doctor, there are still useful and potentially critical steps that can be taken to ease suffering and to make recovery more likely. Possible funding from the state and federal governments should be explored for their applicability.

- **Address and remediate environmental issues.** It will be important to clarify any remaining environmental issues and assure that necessary remediation efforts take place. The safety of the area, from a standpoint of health, must be a given. These actions would enable City officials to pursue the next recommendation, below. Although this may take several years to fully address the problems, it is important the process begin as soon as possible.

- **Initiate high visibility public infrastructure investments.** In order for Sheridan Hollow to be perceived as a dynamic and attractive community, there needs to be a significant amount of investment in public spaces. This includes major work on the hillside; and Improved access between the neighborhood and the state office buildings above the street level; street and lighting improvements; and sidewalk upgrades; NOTE: For public infrastructure improvements New York's Main Street Program (NYMS) provides financial resources and technical assistance to communities to strengthen the economic vitality of the State's traditional Main Streets and neighborhoods. NYMS provides funds to units of local government, business improvement districts, and other not-for-profit organizations that are committed to revitalizing historic downtowns, mixed-use neighborhood commercial districts, and village centers. Other state and federal funding sources should be investigated for their applicability for this specific project.

- **Investigate the possibility of New York State compensating Albany for serving as the state's major host city**. Given that so much of Albany's land is devoted to the functioning of the state, and is tax exempt, could the city put forward legislation requesting preferential treatment for state housing and community development subsidy funds? We have contacted a number of organizations posing the question of whether anyone knows of an existing such initiative. The National League of Cities said, "no." We have not yet been able to get information from a number of relevant sources, but these contacts could be followed up (e.g., National Conference of State Legislatures; Government Finance Officers Association; International City/County Management Association; National Governor's Association; and Council of State Governments.

- **Explore the potential of creating a dedicated funding source for the land bank.** Land banks are certain to be most effective when a dedicated source of revenue is identified and linked to the land bank. Ohio presents a viable model that, perhaps, could be copied: a dedicated resources, funded by taxes or fees and independent of budget allocations, could be found for the land bank, to provide the subsidy needed to implement appropriate disposition strategies for foreclosed properties. We urge serious consideration of this strategy.

- **Designate parcels of land for a future commercial zone.** Looking to the future, and the hope that Sheridan Hollow will become a revitalized, thriving residential area, a central section of the neighborhood should be earmarked as a future commercial center. Although commercial interest in the area is unlikely in the near term, zoning one or more parcels of land for future business activity would seem to be an important step for the city to take. Preferably, these parcels would be city-owned or ones that the city anticipates acquiring through tax-title or abandonment reclamation processes.

- **Develop the branding of Sheridan Hollow as an ecology district**. Given the proximity of Sheridan Hollow to downtown, the existence of a steam plant in the neighborhood, and the consciousness about (hopefully) cleaning up any identified brownfield sites, a new, clean, environmentally friendly neighborhood image could emerge. Explore whether the steam power plant in the neighborhood could provide free or reduced electricity costs to new housing developments in Sheridan Hollow. This could be an attractive perk for homebuyers or rental developers; but is unlikely to provide funding on a large scale. The typical utility allowance for electricity (reflecting monthly electricity costs) for a 2- to 3-BR home or apartment is about $50. If electricity were provided free of charge on a very long-term basis — the most extreme kind of subsidy the plant could provide — then the up-front, capitalized value of avoiding this monthly $50 cost would be about $8,000.

- **Explore the feasibility of other innovative affordable housing ideas.** Although we believe that creating a strong private housing market is critical for Sheridan Hollow, we offer two additional recommendations specifically related to creating a supply of long-term affordable housing. Although we acknowledge that the second recommendation, below, may be premature—not applicable until there is more private market demand for the area—it may still be valuable to consider as a potential tool for the future. Assuming a revival of the Sheridan Hollow housing market, a long-term goal will be to prevent the displacement of long-time residents.

First, existing owners of 1-4 family homes in need of major repairs could opt to donate the land on which homes are situated to the ACLT in exchange for up-front capital to fix up their homes; any rental units would then be rented at affordable levels, in perpetuity. The owners would still own their homes, but as with any land trust arrangement, the land would be owned by ACLT. Owners would have the right to stay in their homes as long as they want. Upon sale, the ACLT would likely have the right of first refusal. A key challenge would be for the ACLT to raise the up-front capital needed to do the necessary rehab.

Second, might there be a possibility to create a program aimed at creating "inclusionary housing in the future?" Perhaps linked to a short-term (perhaps a 10-year full tax abatement), private developers would commit that a certain percentage of newly constructed market rate units would be set-aside as affordable (or perhaps for future ownership by the Albany Housing Authority or another nonprofit organization, such as the ACLT if the market rents reach a certain agreed upon level + low vacancy rates + short turnover times (likely in comparison to citywide averages). Thus, only if the market rebounded sufficiently, would the inclusionary zoning ordinance be triggered. Until then, the developer would be able to set the rent levels for the entire development at market rates.

Although we are not aware of these types of pilot programs existing elsewhere, they may be worth investigating further.

10) Final Note

Delving into innovative housing finance models is both an inspirational and frustrating exercise. On the one hand, it is heartening how much great work is being done by committed public, private, nonprofit and philanthropic stakeholders. In location after location, communities are employing creative, albeit often very similar, solutions to meeting housing and community revitalization needs in diverse and challenging local environments. On the other hand, this high level of activity by so many thoughtful and energetic individuals is also a symptom of the extent of the problems these communities are facing.

In city after city, there are large areas of vacant, abandoned or derelict properties that contribute to adverse living conditions for current neighborhood residents and that discourage potential newcomers. In many respects, the state of the art of community development has evolved to the point that there is substantial consensus about what interventions are most helpful in many different types of situations. The ongoing challenge is that finding adequate financial resources is virtually always the largest obstacle. The best results emerge in communities that have both a strong, consensual plan for change, and the financial resources to implement it.

Appendix I

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Appendix II

Land Use, Zoning and Housing Characteristics

- The Sheridan Hollow neighborhood comprises 106 acres in the central eastern edge of the City of Albany and is considered a "downtown" neighborhood…The August 2012 land use by parcel revealed that of the 828 parcels in Sheridan Hollow:

    - 53% residential (excluding residential units in mixed use properties)
    - 22% vacant lots (63% of the vacant lots are "residential" lots)
    - 9% are used for parking
    - 9% are commercial (non-parking) (some mixed uses, including partially
    - residential)/office
    - 4% are industrial/manufacturing
    - 3% are public park/playground or of another public/religious/charitable use.

- As of 2010, University of Albany students tallied a lower number of parcels within Sheridan Hollow: 602.
    - 47% were observed as residential and 7% commercial. Slightly more than a quarter (26%) of the area was labeled as underutilized or vacant. In addition, 12% of the land was being used for parking lots.
    - Students found that the majority of structures were in good condition (N=260); 67 buildings had minor deterioration, 20 buildings had substantial deterioration and 3 were labeled as dilapidated.
    - Out of the 356 parcels with structures, 61 buildings appeared to be vacant. An additional 95 buildings had windows or doors boarded up, but many of these buildings appeared to have occupants.

- Sheridan Hollow has 1,661 occupied housing units.

Current zoning designations permit a mix of uses in the neighborhood:

Residential: While not perfectly precise, the northern half of Sheridan Hollow is zoned for residential use: "R-2B One and Two-Family Medium Density Residential District." It is the only category of residential zoning found in Sheridan Hollow, although there are 9 other residential categories in use throughout the City. The specifications for this zone for detached housing require a minimum lot size of 30 ft. wide, minimum depth size of 100 ft, minimum rear yard of 25 feet, minimum front yard of 10 ft, and at least 4 feet between each building. These residential zoning requirements do not fit existing residential properties in Sheridan Hollow, as most lots are currently 20-25 feet wide and many houses are attached.

For new construction of residential units to comply with current zoning requirements, at least two contiguous lots must be obtained to build a single new home. Developers of the proposed new construction in Sheridan Hollow are currently requesting zoning variances to build outside of these zone guidelines, so that they may build at a denser level and without the setback requirements.

- The majority of individual parcels are zoned for residential purposes. Based on actual acreage, uses by zoning are more diverse. Much of the federal, state, county and city-owned parcels within Sheridan Hollow are used for parking for state employees working just outside of Sheridan Hollow.
- As of August 2012, the distribution of parcels by government ownership is as follows:

    New York State: 27 parcels
    Albany County: 7 parcels
    City of Albany: 39 parcels

- There are also some privately owned parcels used for parking for the downtown workforce.
- A considerable number of parcels are owned by private commercial entities. Clinton Housing Revival Development Fund, which manages apartments in buildings on Clinton Ave, is the largest parcel owner in Sheridan Hollow, owning 64 parcels. E.W. Tompkins is the next largest owner with 39 parcels; many of their parcels are unused, thereby providing opportunities for potential redevelopment.
- Through a series of public meetings and interviews with area stakeholders, the Sheridan Hollow BOA project steering committee has identified several categories of sites within the neighborhood that need attention. Factors that were used to identify the sites included:

    • **Length of time the structure or lot had been vacant** with little or no interest in redevelopment by current or future owners (268 Spruce, 210 Sheridan, Clinton Ave firehouse, multiple vacant residential properties)
    • **Importance in visually and physically connecting Sheridan Hollow to surrounding neighborhoods** (vacant lots on Clinton at key corners, stairs at end of Dove St.);
    • **Difficulty in redeveloping the sites without prohibitive up-front environmental or archeological testing** (former garage locations, ACES lot)
    • **Sizeable vacant parcels in need of a highest and best use redevelopment plan** (Sheridan Avenue-Road Street, Tompkins vacant lots, ACES lots along Dove St., 132- 34 Lark Street). Detailed property assessments were prepared for fifteen strategic sites.

- In 2000, median monthly housing costs were less than 30% of household income, making Albany a relatively affordable place to live. However, more recent data indicates that some 55% of all renter households in Albany are paying more than 30% of their income for rent.
- Between 2000 and 2010 there was an increase of 35% - 46% in fair market rents.
- For the Capital Region, as housing costs increase, more residents in the Capital Region are spending 30% or more of their income on their mortgage/rent.

Additional Population, Income, and Housing Characteristics for Albany and the Capital Region

Population

- Since 2010, the Capital Region's population has increased 1.3% from 837,967 to 848,601, a net increase of 10,634. The Region's population growth has been steady every year since 2010 and is primarily a result of population increases in Albany and Saratoga counties. From 2010 through 2014, these two counties combined for 87.3% of the population growth for the region.
- Yet, Albany's population is down from its peak. It appears that its population has stabilized and will hover around 98,000 for the next several decades.
- The minority population in Albany is just under half, about 46%; about 30% of this group are African-Americans.
- Albany has a **total of** 41,157 households.

Median Household Income

- After adjusting for inflation, the Capital Region experienced a modest decline (1.3%) in the median household income from 2005-09 to 2010- 14 ($62,249). This was somewhat better than New York State, overall, or the nation.
- For Albany, the income in 2010-2014 was:
  Per Capita: $24,342
  Median Household: $41,099

Population Below Poverty Level

- Over the last decade, poverty across the Capital Region has increased. The number of people living below the poverty level in the Capital Region increased 14.8% from 81,493 to 93,533. This was slightly worse than the experience across New York State, but better than the national trend, where those living below the poverty level increased 20.8% from over 39.5 million in 2005-09 to 47.8 million in 2010-14.
- In the City of Albany, an estimated 23,744 people (27%) were below the

poverty level in 2010-2014.

Housing Market Characteristics

- Slightly conflicting figures about the number of housing units in Albany:
- One source says that it has 48,411 housing units (American Community Survey, 2011); 7,243 are vacant making a residential vacancy rate of 17.59%.
- Another source says that there are 46,362 housing units in the City of Albany.

  Occupied 41,157 (89%)
  Owner 15,083 (37%)
  Renter 26,074 (63%)

  Vacant 5,205 (11%)
  For Rent 1,809 (35%)
  For Sale 441 (8%)
  Seasonal 187 (4%)
  2,768 (53%)

  Owner Vacancy Rate 2.8%
  Renter Vacancy Rate 6.4%
  Total Rate 5.15%

- The private sector, with property tax abatement incentives, has created new housing units in former class B and class C office space in the Central Business District; however, these new units are not perceived as affordable or family-friendly.
- New housing construction in the region has been slowly improving and is approaching pre-recession levels.
- In recent years, there has been a greater emphasis on multifamily housing. Between 2011 and 2015, permits for multifamily units have averaged 46.5% of the total permits issued.
- The Region is now issuing some 1,200 building permits each year, a marked increase from the 978 building permits issued in 2011.
- 2014 also recorded the highest number of housing units permitted (2,201) since 2007.
- The value of the new homes constructed in 2014 rose 3.7% (in constant 2014 dollars) over the previous year.

Demographics and Housing Characteristics of Sheridan Hollow

- **Population:** According to the 2010 Census, Sheridan Hollow has 3,709 residents and 1,661 households. It is considered a “majority minority” a community.

- **Income** for Sheridan Hollow households is low. The median household income ranges from $14,483 to $35,119. This compares to median income for the City of Albany of $39,158 and $56,090 for Albany County. Sheridan Hollow incomes translate into "affordable" rents ranging from less than $400 to $875 (assuming 30% of gross income is available for housing cost).
- **Rents in Sheridan Hollow** range from $414 per month to over $900 per month, based on size and condition of the units.
- **Rents in newly developed housing in downtown** Albany range from $500 for small studios to $1900 for a larger 2 bedroom unit (Source: Zimmerman/Volk residential demand study, Jan. 2011.)
- Nearly one-half of the population of Sheridan Hollow (48%) has an income below the federal **poverty rate**. This compares to a poverty rate of 25.3% for the City of Albany and 12.6% for Albany County.
- With high poverty rates in the neighborhood, Sheridan Hollow residents have little disposable income to support neighborhood businesses. And even the Sheridan Hollow households with incomes above the poverty level are just making ends meet.
- **Unemployment rates** range in Sheridan Hollow from 7.3% for some blocks to 28.3% for others (the City's rate is 8.6%.).
- Sheridan Hollow's **housing stock** is old, vacant and predominantly renter-occupied.
- **Age of housing stock:** Two-thirds of the housing stock was built prior to 1939. The housing stock is primarily wood frame housing in its core, and historic brick row houses along its borders.
- This older housing stock in Albany means that homes likely have a large amount of lead paint and asbestos. Mold and radon are also increasing health hazards. Addressing these environmental issues contribute to the high cost of redevelopment not shared in newer developments.
- 35% of all units are **vacant** (compared to a 17.5% vacancy rate for the City as a whole).
- The neighborhood is 89% **renter occupied**; up to 70% of residents on some blocks have lived in Sheridan Hollow fewer than 5 years. The feeling is that this has hampered opportunity to build community. For comparison, the City of Albany has a renter occupancy rate of 60%, while the County has a renter occupancy rate of 41%.
- There are 183 **owner occupied** units in Sheridan Hollow, or 11% of all units.
- Sheridan Hollow was one of seven **Brownfield Opportunity Areas** listed for potential redevelopment in "Albany 2030, the City of Albany Comprehensive Plan."
- Sheridan Hollow as a whole has a lower percentage of **school age children** and seniors than either the City or County of Albany. However, this total is impacted

by the downtown central business district, which has very few children. The balance of the neighborhood has a higher percentage of school age children, with an average of 26% of the population. In some blocks, school age children comprise 39% of the population.

- There is a lack of **services** in Sheridan Hollow. The list of recommended services was extensive and included: gas station, dry cleaner and Laundromat, UPS/FedEx services, office supplies store, and satellite post office. Additionally, the nonprofit stakeholders made several recommendations to increase community health and participation. These include a community center for youth services (including after school programs), childcare facility, increased outreach and services targeted at seniors, and affordable health care services.
- Some residents of Sheridan Hollow have access to Section 8 rental subsidies. There is currently a five-year waiting list for the program. Households receiving Department of Social Services assistance receive a housing allowance of $331 per month, less than half of the fair market rent for a studio apartment.

Information Sources

All data and information presented in this appendix come from one of the following:

Capital District Data

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Capital District Regional Planning Commission Community Fact Sheets
http://cdrpc.org/wp-content/uploads/2016/02/02012016-Cityof-Albany-CFS.pdf
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Appendix III

Focus Groups and Interviews

Participants in Housing Finance Focus Groups, March 7 and 8, 2016

Faye Andrews – Director, City of Albany Community Development Agency
Wade Beltramo – NYS Conference of Mayors
Walt Brady – Community Loan Fund
Dominick Calsolaro- Albany Industrial Development Agency, former City Council member
Susan Cotner - Affordable Housing Partnership
Eric Dahl – CRA officer M&T bank, founder of Community Realty, Sha Morrison – Policy
James Davis –Pastor James Davis, Christ Church Albany, PLS Dev Corp., Lexington Working Group
Fred Darguste – Habitat for Humanity
Judy Eisgruber – Albany County Rural Housing
Joe Fama – Troy Architectural Project
Rocco Ferraro – Capital District Regional Planning Commission
Stephanie Galvin- Riley – NYS HCR Home Program
Susan Holland – Historic Albany Foundation
Barry Jeffress – PLS Development Corp.
Kostandin “Dino” Kalani- private developer, CDARPO
Hilary Lamishaw –Troy Rehabilitation and Improvement Project
Chris Leo - NYS HCR
Bob MacLasco – SEFCU, largest credit union, AHP Board
Roger Markovics – Albany Community Land Trust, United Tenants
Linda McFarlane – Community Loan Fund, Regional Economic Development Council
Louise McNeilly – Affordable Housing Partnership
Tom McPheeters - Albany Land Bank Advisory Committee, AVillage, Vacant Lots project
Matthew Montesano - private developer, CDARPO
Sha Morrison - Advisor to Albany Mayor Sheehan
Rebecca Newman – Housing Visions
Ann Petersen – NYS HCR Home Program Erin Reale – United Tenants and Albany Land Bank Advisory Committee
Erin Reale – United Tenants of Albany
Sarah Reginelli – Capitalize Albany, Albany IDA
Darren Scott – Albany Housing Authority, AHP board member
Darius Shahinfar – City of Albany Treasurer, IDA, Capital Resource Corp
Charles Touhey – Albany County Land Bank
Monique Wahba – South End Improvement Corp.

Individual Interviews

Leah Apgar, New Jersey Community Capital
Howard Banker, New Jersey Community Capital
Rafael Cestero, NYC Community Preservation Corp.
Jeff Crumm, New Jersey Community Capital
Rev. John Edgar, Church and Community Development for All People, Columbus, OH
Sean Fitzgerald, NYS HCR
Bret Garwood, NYS HCR
Allison Goebel, Greater Ohio Policy Center
Paul Heroux, New York Federal Home Loan Bank
Chris Leo, NYS HCR
Rebecca Newman, Housing Visions
Darren Scott, Albany Housing Authority
Annie Stup, Graduate Student, New School University

Appendix IV

Issues not Discussed in Report

Due to time and resource constraints, we were unable to pursue a number of issues that closely relate to the set of questions we were asking. Therefore, this effort does not address the following important issues, although they are relevant to the larger challenges facing Sheridan Hollow.

1) Specific interventions related to avoiding foreclosure; assisting homeowners in default (we note that the Affordable Housing Coalition is in any case already providing a wide range of services toward these ends)
2) Financing tools for rehabilitating commercial properties
3) Issues pertaining to zoning changes that may be needed
4) Broader community development issues and possible needed interventions, such as job creation, school improvements, transportation access, health care and other social services, particularly for vulnerable populations such as the elderly and people with physical/emotional impairments.
5) Several reports talk about importance of anchor institutions, including the Upstate New York report. However, in Albany, the major anchor institution is New York State government, a discussion of which would be a separate topic.
6) The potential role of regional governance for addressing issues of Legacy Cities.
7) Only limited discussion of open space improvements; general issue not